

VZCZCXRO6848
PP RUEHRG
DE RUEHBR #0944/01 1451256
ZNR UUUUU ZZH
P 251256Z MAY 07
FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC PRIORITY 9027
INFO RUEHSO/AMCONSUL SAO PAULO 9942
RUEHRI/AMCONSUL RIO DE JANEIRO 4445
RUEHRG/AMCONSUL RECIFE 6695
RUCPDOG/USDOC WASHDC
RUEHAC/AMEMBASSY ASUNCION 6093
RUEHBU/AMEMBASSY BUENOS AIRES 4785

UNCLAS SECTION 01 OF 02 BRASILIA 000944

SIPDIS

SENSITIVE
SIPDIS

DEPT FOR EB/TPP/IPE JENNIFER BOGER
DEPT PASS USTR FOR VICTORIA ESPINEL, CHRIS WILSON, SUE CRONIN AND
JENNIFER CHOE GROVES
USDOC FOR ITA/MAC/OIPR CASSIE PETERS
USDOC FOR ITA/MAC/WH/OLAC/MCAMPOS

E.O. 12958: N/A

TAGS: [KIPR](#) [ETRD](#) [ECON](#) [BR](#)

SUBJECT: BRAZIL: Corruption, Public Apathy, Lack of Resources
Hampers Anti-Piracy Efforts in Pernambuco

REF: A) Recife 37

11. (SBU) Summary: On May 10, Federal Police stationed in the north-eastern state of Pernambuco told EmbOff that public apathy, corruption among state officials, and limited resources have undercut their efforts to stem the flow of pirated goods in the region. Despite a directive from the state's new governor, state officials are viewed by federal authorities as unreliable allies due mainly to widespread corruption. Public acceptance of piracy as a legitimate activity has led to continued growth in contraband sales in the state and investigations of other crimes have siphoned off limited resources from anti-piracy actions. The officials felt the state has increasingly become an alternate conduit to the Paraguayan border for the import of pirated goods from China. Federal Police requested the USG place an emphasis on conducting IPR training programs in the state. End Summary.

State Corruption a Concern

12. (SBU) Federal police in Recife told EmbOff on May 10 that they were reluctant to share information on anti-piracy operations with Pernambuco state police due to concerns about widespread corruption, despite a recent directive from the new governor, Eduardo Campos (who took office January 1), instructing state authorities to cooperate fully with federal anti-piracy efforts. While they believe the governor is sincere, they said state police do not share his commitment.

Public Acceptance of Piracy

13. (SBU) Federal police officials in this north-eastern city of 2 million are frustrated by public acceptance of IPR piracy as the natural consequence of a burdensome tax regime that drives up the price of legitimate goods. The general public view is that sellers of contraband items are offering popular goods at affordable prices and not regarded as criminals. One police official said street vendors often openly modify legitimate video game machines to accept pirated products - an unauthorized version of a popular video game can be purchased for as little as USD 5 versus USD 100 for a licensed copy.

Limited Resources

14. (SBU) Federal Police pointed out that higher-profile crimes such as murder and money laundering vie with IPR violations for limited resources. They rely mainly on private groups to monitor piracy activities and alert police when they discover them. They noted that their operations are also constrained by a lack of storage space for confiscated items. As an example, one police official described a recent raid which netted 250 thousand illegal DVDs and CDs. He said the items seized during that raid alone would not fit in a space the size of the police headquarters conference room and explained that the disposition of "tons of plastic" from the seized items poses significant environmental concerns.

A Smugglers' Alternative to Foz De Iguacu?

15. (SBU) Police officials said they have seen a rise in IPR piracy in the state over the last seven years, an observation that may support a recent assertion by the head of a large anti-piracy group that smugglers are increasing their use of the ports in the northeast then shipping goods inland to circumvent increased GOB scrutiny at the Foz De Iguacu frontier with Paraguay. One police officer said that although most CDs and DVDs found in the local market were manufactured in small factories in Brazil, police have found a number of counterfeit imported toys, electronics, CDs, DVDs and tennis shoes - mainly from China.

16. (SBU) Comment: The refusal of Pernambuco state police to meet with EmbOff underscored the Federal officials' point about a disconnect with state officials on IPR issues. Police officials agreed that the USG could help by conducting more IPR training

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programs in the north-east. End Comment.

Chicola